

~~ADMINISTRATIVE - INTERNAL USE ONLY~~w
By
[Signature]

LOGNOTE -- Chief, Operations Group, 2 April 1985

1. (Baker) [] C/FEB/RE&CD/OL [] called today in response to my note concerning C/Tel Aviv's problem with RE&CD's latest guidance on execution of the bureau construction agreement. RE&CD had sent Tel Aviv contradictory advice on the terms it considered legally acceptable, in particular the 18 percent addition for site costs, which it wanted Lou to eliminate from the contract. Lou was arguing that to insist on that now would in effect be a breach of faith with Azorim, the construction company, and that the likely effect of this would be a sharp increase in fixed fee costs for profit and overhead as well as for site costs. I had passed Lou's message on this to [] adding some comments about our disinclination to sour relations not only with Azorim but with the Embassy and Israeli Government as well.

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[] said that he understood Lou's and our problems and had no objections with our proceeding on the basis of the agreement Lou had already reached with Azorim. I asked [] whether this was also the view of his legal advisor. He said it was. We thereupon advised Lou he was authorized to proceed with the agreement he had already concluded with Azorim; i.e. 18 percent for site costs and a fixed fee for overhead and profit.

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(cc: D/FBIS, C/AS, C/FEB/ED, C/Tel Aviv Bureau)

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